



**U.S. Department of Justice**

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**FOR IMMEDIATE RELEASE  
June 2, 2010**

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**PRESS RELEASE  
*FORMER TOP OFFICERS  
OF COMPANY SENTENCED***

SALT LAKE CITY – Frances M. Flood, former chief executive officer and president of ClearOne Communications, Inc., was sentenced to 48 months in federal prison today following her conviction last year for conspiracy, false statements to an auditor, securities fraud and perjury.

U.S. District Court Judge Dee Benson issued the sentence Wednesday afternoon in Salt Lake City. Flood, who will begin serving her prison sentence Aug. 2, 2010, will be on supervised release for 36 months after she finishes the sentence.

Susie Strohm, the chief financial officer in the company and a co-defendant in the case, was sentenced to 24 months probation. Strohm was convicted of one count of perjury for giving false testimony in court in a lawsuit filed by the Securities and Exchange Commission.

The charges against Flood arose from her tenure at ClearOne, Communications. Between 2001 and late 2002, Flood carried out a scheme to inflate the financial statements of the company and create the appearance of financial success and economic growth at ClearOne when in fact the firm was not meeting its quarterly and annual revenue projections. Millions of

dollars of product was shipped to distributors and others who had no reasonable hope of paying for the products until they were sold. Flood misled the auditors who reviewed ClearOne's financial statements and made false statements to financial analysts to convince them that these shipments constituted legitimate sales that could be recorded as revenue at the time of shipment.

"We are satisfied with the sentences issued today. Ms. Flood intentionally falsified the financial records of ClearOne and in so doing perpetrated a fraud upon the public and ClearOne's shareholders. Corporate officers who compromise the integrity of corporate financial records can expect to be vigorously prosecuted and serve lengthy sentences in federal prison," Acting U.S. Attorney Carlie Christensen said.

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